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[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—MOTION UNDER RULE 40 OF THE ASSEMBLY RULES *RE* CRISIS FACING THE HANDLOOM WEAVERS' CO-OPERATIVE SOCIETIES CONSTITUTED UNDER THE CESS FUND UTILIZATION SCHEMES.

(Sri S. Panchaksharam and several members said that the motion had not been circulated.)

MR. SPEAKER :—" If it has not been distributed, I shall ask the member to read it."

* SRI M. NARAYĀNA KURUP :—" I do not have the motion with me, Sir."

MR. SPEAKER :—" Then we shall take up Sri Karuthiruman's motion.

* THE HON. SRI M. BHAKTAVATSALAM :—" Sir, I shall read the motion of the hon. Member Sri Kurup also. The motion of Sri Kurup is regarding—

'The crisis facing the handloom weavers' co-operative societies constituted under the Cess Fund Utilization Schemes on account of the failure of the Government to provide them with working capital as was promised and also due to stoppage of purchase of cloth by the Madras State Handloom Weavers' Co operative Societies consequent on the failure of the Government to provide it with funds.'

" I would like to make the following statement."

(Sri M. Narayana Kurup wanted to make a speech first and the Hon. Minister resumed his seat.)

* SRI M. NARAYANA KURUP :—" Sir, the other day in a statement touching this subject, the Hon. Minister said that under the scheme 212 new societies have been constituted and the scheme is the Government would pay Rs. 18–12–0 free of interest towards share money and it was stated that each society will be given a sum of Rs. 200 towards working capital. My first point is only Rs. 80 of the working capital has been paid and the rest has not been paid and therefore the societies are not able to run. That is point number one. The second point is in another statement, he said that as a result of reorganization, there was an increase of produce from 18 to 32 lakhs, that is, an increase of 14 lakhs; at the same time, the sale has increased from 21 to 27 lakhs, that is, by 6 lakhs. Therefore, there is surplus. It was also decided that the Madras State Handloom Weavers' Co-operative Societies should be given a loan of Rs. 30 lakhs to improve conditions of sale and it is seen here that only 11·4 lakhs have been advanced. Sir, the State Handloom Weavers' Co-operative Society have straightaway forbade their Emporia not to purchase handloom cloth and therefore practically the societies are closed now. There are ample funds still remaining with Government and unless something is done, unless they are paid the full Rs. 200 and the

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Provincial Handloom Co-operatives are given substantial loans, all the attempts and the levying of the cess will be in vain and this industry will also collapse."

* THE HON. SRI M. BHAKTAVATSALAM :—" Mr. Speaker, Sir, I would like to make this statement with reference to the points raised by the hon. Member.

' During the years 1953–54 and 1954–55, the Government of India sanctioned loans amounting to Rs. 26,48,000 and Rs. 37,98,150 to this State for providing working capital to the looms admitted in the co-operative fold under the Cess Fund Schemes. These loans have to be disbursed to the weavers' co-operative societies through the agency of the Madras State Co-operative Bank and the District Co-operative Central Banks. Up to 31st December 1954, a sum of Rs. 12,50,000 was sanctioned to the Co-operative Central Banks. It was stipulated that the Banks should make available to the weavers' co-operative societies the amount already made available to them, as on 31st December 1953 from the Banks' own resources plus the amount of Rs. 12,50,000. Further, it was also laid down that the Banks should charge only four per cent interest on the loans given towards the working capital of the weavers' co-operative societies under the Cess Fund Scheme instead of 5 to 5½ per cent which they were charging prior to the introduction of the Cess Fund Schemes. As on 31st December 1954, the banks in the State made available a sum of Rs. 59·76 lakhs to the weavers' co-operative societies by way of working capital from their own resources as well as from the sum of Rs. 12,50,000 placed at their disposal.

Another sum of Rs. 13,98,000 from the Cess Fund loan of 1953–54 has since been disbursed to the Madras State Co-operative Bank for providing working capital to the weavers' co-operative societies on the same conditions mentioned above. A loan of Rs. 37,98,150 sanctioned during 1954–55 by the Government of India will also be disbursed to the Bank shortly for providing working capital to the societies. When all these loans are disbursed every new loom admitted under the Cess Fund Schemes during 1953–54 and 1954–55 will get Rs. 110 towards its working capital. Steps are being taken to enhance this amount to Rs. 200 per loom during 1955–56.

As regards working capital for the Madras State Handloom Weavers' Co-operative Society, this Government have sanctioned interest-free loans amounting to Rs. 34,40,000 to the society during 1953–54 and 1954–55 towards its working capital. These loans were intended for purchasing finished goods from the primary weavers' co-operative societies for supply to its selling units, for meeting certain immediate commitments, and discharging some existing liabilities so that it might save interest charges.

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One main difficulty in the loans sanctioned to the primary weavers societies and the State Society as working capital being disbursed promptly by the co-operative banks is that these societies are not able to furnish proper security according to the usual standards. The Registrar has therefore proposed that this Government may guarantee the repayment of the loans advanced by the State Co-operative Bank as well as the District Co-operative Banks to the State Society and the primary societies to the extent of one-third of the loans advanced from the Cess Fund and that the losses arising to this Government out of this guarantee might be made good by the Government of India by allotment from the Cess Fund. This Government have supported the Registrar's recommendation and addressed the All-India Handloom Board and the Government of India to accept the principle of guaranteeing repayment of the loans sanctioned to the weavers societies on the above conditons. As soon as this is accepted by the Board and the Government of India, there will be a steadier flow of working capital to the needy weavers' societies.

As the State Society had stocks worth more than Rs. 50 lakhs on 31st December 1954 representing more than four months, sales turn over, the policy of procurement was reviewed and it was decided to concentrate on sales till the accumulated stocks were reduced and to stop procurement temporarily till the position eased. The Business Manager of the State Society issued instructions to the Marketing Officers accordingly. It may be stated that the Weavers' Societies produce roughly about Rs. 30 lakhs worth of goods monthly. The State Society has been procuring about 20 to 25 per cent of the production. It will therefore be seen that the weavers' societies themselves are making arrangements for marketing the bulk of their productions independent of the assistance rendered by the State Society. The weavers' societies have been repeatedly told that they should produce utility varieties readily saleable in the market and not kachcha varieties, easily produced but with no demands from the public.

In this connection it may also be mentioned that this Government have already addressed the All-India Handloom Board and the Government of India, for marking down the prices of slow moving varieties and dead stocks and meeting the difference in the cost caused by such marking down, from the Cess Fund, as grant. If this proposal is accepted, there will be quicker sales of the present stocks with the State Society and it will be possible for the State Society also to go to the help of primary societies to a greater extent. The Government of India have since announced a special enhancement of rebate by six pies in the rupee in respect of the sales effected during the Handloom Week Celebrations from 20th to 26th of this month. It is expected that this will also contribute considerably to the liquidation of the stocks with the State Society as well as primary societies.

Sir, it is alleged that the handloom societies are facing a crisis for want of working capital. There is no such crisis and as a matter of fact we have been providing the societies with capital. It has also been alleged that the crisis is due further to the stoppage of purchases of cloth by the Madras State Society as that Society has not been provided with funds. It is not a fact that the Society has not been provided with funds. On the contrary we have given the Society plenty of funds. Purchases have been stopped temporarily for very sound reasons. The weavers were producing bandage cloth and other practically useless varieties which have no market. As the purchases were being made without discrimination, a lot of slow-moving items with no demands for them were purchased. The weavers are being educated to produce better items and as the State Society is cluttered up with slow-moving stocks, procurement has been soft-pedalled for the time being. Actually procurement for the Society is only roughly a fourth of total production, the remaining three-fourths is always sold direct by the societies.'

" The hon. Member, Sri Kurup, has made suggestions which are alarming, but which are not quite correct."

9.40 a.m. SRI M. NARAYANA KURUP :—" Will the Government see that the stoppage of purchases be confined to big production centres like Salem? "

* THE HON. SRI M. BHAKTAVATSALAM :—" I am sorry, Sir, I cannot give an assurance to the hon. Member. But still, I shall again look into the question."

III —VOTING ON DEMANDS FOR GRANTS FOR THE YEAR 1955-56—*cont.*

(1) DEMAND XXVII—ELECTRICITY.

(2) DEMAND XXXVIII—CAPITAL OUTLAY ON ELECTRICITY SCHEMES.

THE HON. SRI R. SHANMUGA RAJESWARA SETHUPATHI :—" Mr. Speaker, Sir, I would like to move both the Demands."

MR. SPEAKER :—" Let the Hon. Minister first move one Demand. I will then ask somebody to move the cut motion. Then, the second Demand may be moved."

* THE HON. SRI R. SHANMUGA RAJESWARA SETHUPATHI :—" Mr. Speaker, Sir, on the recommendation of the Governor, I move—

'*That the Government be granted a sum not exceeding Rs.* 5,50,71,100 *under Demand XXVII—Electricity.*' "

MR. SPEAKER :—" Motion moved—

' That the Government be granted a sum not exceeding Rs. 5,50,71,100 under Demand XXVII—Electricity.' "